

Message Text

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R 201448Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY ADDIS ABABA

C O N F I D E N T I A L STATE 117201

E.O. 11652: GDS

TAGS: EINV, ET

SUBJECT: ETHIOPIAN SPICE NATIONALIZATION

REF: STATE 48849

1. SINCE REFTEL, KALAMAZOO SPICE HAS PAID ETHIOPIAN SPICE APPROXIMATELY DOLS 420,000 ON OVERDUE INVOICES. WHEN A DOLS 30,000 PAYMENT IS MADE MAY 15, ALL INVOICES WILL BE CURRENT AND NONE OVERDUE. IN EXCHANGE, KALAMAZOO SPICE HAS RECEIVED OLEORESIN SHIPMENTS SUFFICIENT TO BRING PAYABLES UP TO DOLS 1,750,000. ANOTHER SHIPMENT WORTH DOLS 200,000 IS REPORTEDLY IN ROUTE TO US, BUT KALAMAZOO SPICE HAS NOT YET RECEIVED BILL OF LADING. WHEN REMAINING PRODUCT IN ETHIOPIA IS SHIPPED TO U.S., KALAMAZOO SPICE WILL HAVE PAYABLES OWING TO ETHIOPIAN SPICE OF APPROXIMATELY DOLS 2,100,000. THEY BECOME DUE IN AUGUST. ADDITIONAL PRODUCT WILL BE UNAVAILABLE UNTIL NEXT GROWING SEASON. THUS DESPITE EXPROPRIATION, KALAMAZOO SPICE HAS SUCCEEDED IN GETTING NEEDED PRODUCT FROM ETHIOPIAN SPICE AND HAS PAID ALL OVERDUE INVOICES.

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2. THE NEW BOARD OF DIRECTORS OF ETHIOPIAN SPICE HAS HAD

ONE MEETING, BUT KALAMAZOO SPICE DIRECTOR NOT ADVISED IN TIME TO ATTEND. SECOND BOARD MEETING SCHEDULED FOR MAY 23 IN ADDIS ABABA. KARL SANDELIN, VICE PRESIDENT OF KALAMAZOO SPICE AND DIRECTOR OF ETHIOPIAN SPICE, WILL ATTEND. OPIC WOULD APPRECIATE EMBASSY PROVIDING SANDELIN WITH ANY ASSISTANCE THAT MAY BE REQUIRED, INCLUDING FACILITATING COMMUNICATIONS WITH U.S. SANDELIN HAS REQUESTED A MEETING WITH AMBASSADOR AND ECONOMIC COMMERCIAL OFFICER. OPIC HAS ADVISED SANDELIN TO CONTACT EMBASSY UPON ARRIVAL TO SCHEDULE MEETING.

3. KALAMAZOO SPICE HOPES THAT ARRANGEMENTS CAN BE MADE AT BOARD MEETING FOR COOPERATION BETWEEN THE TWO COMPANIES FOR THE NEXT GROWING SEASON.

4. SANDELIN WOULD LIKE TO MEET WITH MEMBERS OF THE EPMG COMPENSATION COMMITTEE TO DISCUSS SETTLEMENT OF KALAMAZOO SPICE EXPROPRIATION CLAIMS. PLEASE ADVISE OPIC WHETHER COMPENSATION LAW HAS BEEN PROMULGATED, IF COMMITTEE IS NOW EMPOWERED TO NEGOTIATE, HOW SANDELIN SHOULD PROCEED TO MAKE CONTACT WITH COMMITTEE AND HOW EMBASSY CAN ASSIST SANDELIN IN EXPEDITING THIS PROCESS.

IF EPMB HAS IN FACT NEGOTIATED ANY COMPENSATION SETTLEMENTS, OPIC WOULD APPRECIATE EMBASSY'S ADVICE AS TO THEIR TERMS. INGERSOLL

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